RANK THE TELCO

VICTORIAN FINANCIAL COUNSELLORS RANK THE FINANCIAL HARDSHIP POLICIES AND PRACTICES OF TELECOMMUNICATIONS PROVIDERS

FCRC
Financial & Consumer Rights Council Inc.

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About the Financial and Consumer Rights Council

The Financial and Consumer Rights Council Inc (FCRC) is the peak body for around 200 financial counsellors in Victoria.

It is a non-profit organisation whose purpose is to:

- advocate for vulnerable Victorian consumers who are experiencing financial difficulty
- support the financial counselling sector through its casework, advocacy and law reform
- adopt and maintain best industry practice.

Financial counsellors provide free and independent advice and advocacy for people on low incomes, in debt, or when financial circumstances change, putting individuals and families in financial hardship. Loss of employment, marriage breakdown, natural disasters and the easy availability of credit are some of the common reasons people seek assistance.

Financial counsellors provide information, support and advocacy to enable their clients to gain control of their financial situation. The focus for financial counsellors is always on the needs of their clients and services are free, confidential and impartial. Most workers are located in not-for-profit welfare organisations and are primarily funded by state or federal governments.

FCRC supports financial counsellors by providing training and professional development and sets the standards for the profession in Victoria. FCRC also provides a voice for Victorians in financial hardship and works across a range of industries, including banking, utilities and telecommunications.

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- Lisa Farrance, who developed and conducted the survey and analysed its results
- Caitlin Whiteman, who wrote the report
- the Rank the Telco Reference Group, made up of three financial counsellors and a representative each from ACCAN and the Victorian Council of Social Service (VCOSS). The Reference Group reviewed and provided feedback on the survey design, results and report draft.
- other individuals and organisations who provided advice and insight.

Acknowledgement of Country

FCRC acknowledges the Aboriginal and Torres Strait Islander peoples of the lands on which we conducted this research. We particularly acknowledge the traditional custodians of the land on which our offices sit: the Wurundjeri, Wathaurong and Bunurong peoples of the Kulin Nation.
We pay our respects to ancestors and Elders, past and present.

Disclaimer and Funding Acknowledgement

This report is based on a survey of financial counsellors. It does not represent the attitudes or opinions of other third parties, including FCRC funding bodies or ACCAN.
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Foreword

Financial counsellors have a unique perspective on how providers of household services interact with vulnerable consumers when they are experiencing financial difficulty. This report describes the results of a survey of Victorian financial counsellors about the hardship practices of major telecommunications providers. It is FCRC's fourth report ranking financial hardship practices, and our first to examine the telecommunications sector.

By combining financial counsellors' individual day-to-day casework experiences into a collective account, our ranking surveys create an opportunity to examine practices – and fix them – in a systemic way. As financial counsellors have seen the benefits of this approach for their clients, their participation in the surveys has grown. Just under half of Victoria's financial counsellors responded to our first banking survey in 2012; participation increased to two-thirds in this survey.

This time, our single most important finding is that basic phone and internet services are essential for financial inclusion, particularly in times of crisis or hardship. These services are the crucial link to crisis accommodation and other help services; to government assistance, including Centrelink payments; and to hardship teams in banks, utilities, insurance and other sectors. When people in hardship are disconnected from phone services, it becomes virtually impossible to meet their other critical needs.

The results of this survey are disappointing, showing that overall financial hardship performance in the telecommunications sector is poorer than in banking or energy retail. Our hope is that this report creates an opening for dialogue about where improvements can be made, building on the positive suggestions made by financial counsellors.

After the release of our *Rank the Bank* report in 2012, major banks were willing to work to understand the issues and make changes, and as a result, they substantially improved their communication with and assistance to customers in payment difficulty. Similarly, between our two *Rank the Energy Retailer* reports in 2014 and 2016, energy retailers lifted their overall performance.

In telecommunications, it is clear that there are some big issues to be tackled. Industry has work to do changing upselling practices that see many consumers with plans far beyond their needs or payment capacity; simplifying contracts; improving access to and communication with hardship teams; and expanding the hardship assistance offered to customers. Regulators and policymakers also have a role to play in shaping a framework that encourages such practices.

The results of this report evidence the need for improvement and warrant serious consideration by the telecommunications industry, regulators, government and other stakeholders. Providers now have the opportunity to take the lead and work to significantly improve hardship performance, both individually and across the industry. We look forward to working with all stakeholders to see this happen.

Peter Gartlan
Executive Officer, Financial and Consumer Rights Council

Executive summary

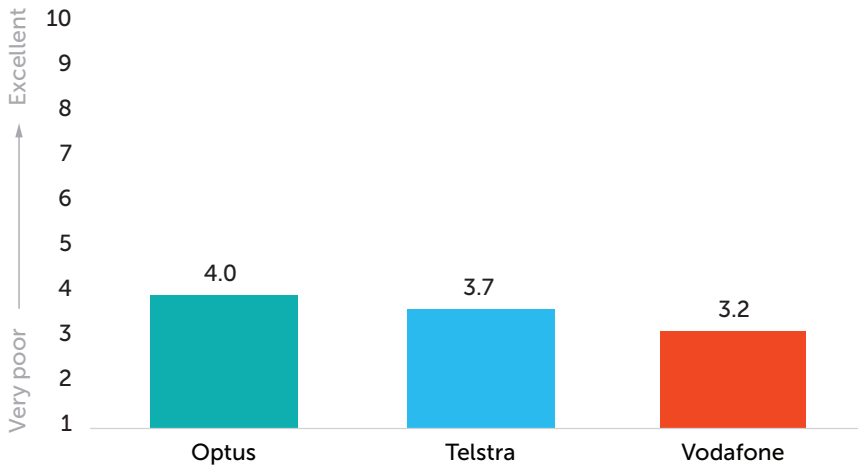
Every day, financial counsellors deal with essential service providers on behalf of clients in financial difficulty. With this *Rank the Telco* survey, we asked financial counsellors to draw on their first-hand casework experience over the last 12 months to rate the financial hardship performance of the major telecommunications providers.

Overall performance

Optus received the highest rating across almost all measures, and achieved the top overall score of 4.0 out of 10. Telstra consistently rated second, slightly behind Optus. Closer examination of Telstra's scores reveals greater variability in the views of respondents, which suggests inconsistency in Telstra's hardship practices. Across all measures and overall, Vodafone came in at last place – with financial counsellors' comments pointing to an inflexible refusal to negotiate hardship assistance.

Financial counsellors rarely deal with smaller providers, but respondents' reports indicate that the performance of second tier providers is typically, although not always, worse again.

FIGURE 1: Overall rating of telecommunications provider hardship practices



While these differences are clear and consistent, they are slight. Our major finding is that the standard of hardship practice is strikingly poor across the telecommunications industry: results are lower than in any previous ranking report. In 2016, for example, the lowest-performing tier one energy retailers received overall performance ratings of 5.8 out of 10, well above the 4.0 achieved by the top-performing telecommunications provider. Compared with water, banking, energy and even debt collection, telecommunications providers are falling short in their treatment of customers in financial difficulty.

Financial counsellors report that, when dealing with customers in financial difficulty, providers focus on retrieving debt, rather than negotiating fair and reasonable arrangements that can keep people connected to essential telecommunications services. This approach manifests in problems that begin with the sale of products and services and extend through to attitudes, communication and the assistance options offered. Financial counsellors reported the following observations.

Sales

Motivated by sales rather than customer care, providers are frequently upselling bundles, accessories and multiple contracts; conducting bare-minimum credit assessments; and offering scant information about the financial implications of expensive post-paid services. As a result, low-income customers are signing complex contracts for unnecessary and unaffordable products, setting them up for future hardship.

Attitude

Providers often lack an understanding of long-term hardship, its effects, and why people in financial difficulty need essential telecommunications services. They rarely respond appropriately to individual hardship circumstances.

Communication

Customers' attempts to communicate with providers are hampered by long call wait times, non-responsiveness, and, often, a lack of empathy from customer service staff. Customers are often unable to get past frontline call centre staff to specialist hardship teams, and as a result, their attempts to self-advocate are rarely successful.

Financial counsellors are more able to speak with hardship teams and, with much effort, negotiate some improvement to their clients' situations. Nevertheless, respondents indicated that this is considerably more difficult in telecommunications that in other sectors.

Assistance

Providers are very limited in the assistance they offer to customers in hardship. They are reluctant to vary contracts so that customers can make payments and remain connected. Payment arrangements are typically short-term and unaffordable, although financial counsellors can sometimes negotiate suitable arrangements.

Client outcomes

At the end of this process, outcomes are only sometimes fair, reasonable and appropriate.

Next steps

There are many steps that providers can take to improve hardship practices:

- work across industry and with consumer groups and government to develop a sector-wide **understanding of the key features of a baseline, essential telecommunications service**
- **ensure responsible sales** by revisiting sales practices and incentives; assessing capacity to pay and improving safeguards on the sale of multiple, bundled and high-cost services; promoting low-cost, essential services; and providing clear, simple consumer information
- **improve communication and access to hardship teams** by adopting a more empathetic manner; training hardship staff; allocating case managers for complex cases; publicising hardship contact details; providing and maintaining direct lines for financial counsellors; and offering interpreting services and translations of key documents
- **expand assistance options**, in particular, by offering flexible payment arrangements, debt waivers, contract variations, cancellation fee waivers, and customer control mechanisms.

There is also a role for government and regulators:

- **review and overhaul the Centrelink Telephone Allowance** so that this concession targets those most in need and is fit-for-purpose in the digital era
- **improve the *Telecommunications Consumer Protections Code*** (*TCP Code*) hardship provisions and introduce better mechanisms for public code compliance reporting.

Introduction

Each day, financial counsellors deal with a range of companies – among them banks, energy and water retailers and debt collectors – on behalf of clients who are struggling financially. This day-to-day contact gives financial counsellors a unique, close-up view of hardship policies and practices across different companies and sectors.

FCRC's ranking surveys systematically compile the observations and insights that financial counsellors have derived from their experiences navigating providers' hardship practices on behalf of clients in financial difficulty. This experience provides a solid basis for assessing companies' comparative performance, and also enables us to identify sector-wide issues and trends.

Previously, FCRC has used this approach to rank the performance of banks and energy retailers. In this report, for the first time, we turn our sights on telecommunications providers, assessing performance within the sector and drawing on data from this and previous surveys to draw comparisons to other industries.

Why rank the telcos?

The financial hardship practices of telecommunications providers matter because all consumers need access to essential telecommunications services. Baseline phone and internet services are critical for financial inclusion and, in many cases, health and safety. Financial counsellors overwhelmingly reported that for certain client groups – people with disabilities, people facing family violence, and those receiving government income support – the impact of disconnection is 'complete' or 'major' (a detailed breakdown of this data is at **Appendix 4**).

'Access to the world through a phone for people seeking employment, to report to Centrelink or to maintain safety and connections for those experiencing family violence is absolutely essential.'

Telecommunications are increasingly intertwined with all aspects of life in modern society. Access to employment, healthcare, government and social services are mediated through telecommunications. The same is true for relationships with friends and family and participation in the community.

Evolving telecommunications

As technology, society and the market evolve, the way people use telecommunications services is changing. One of these changes is the shift away from voice towards internet services.[1] Services – including crucial government services such as those provided by Centrelink – are increasingly delivered and accessed online.[2] This deliberate shift has been part of the Australian Government's 2013 Digital First strategy, which set the goal of making all government services and public interactions available online by 2017.[3]

At the same time as the telecommunications services have shifted online, mobile technologies have been gaining ground over fixed-line services. For Australian consumers, mobile phones are now the most common means of access to voice services and the internet.[4] While many consumers still use a combination of fixed-line and mobile telephones, increasing numbers are relying exclusively on mobile.[5]

'Mobile is the only communication tool available for most clients.'

This is especially true for vulnerable and disadvantaged consumers. A 2014 study looking at the experiences of 95 families and individuals experiencing homelessness found that 95% had a mobile phone, typically a smart phone. These mobiles phones were a means of survival, used to contact friends and family as well as emergency,

'A majority of clients accessing my service are homeless or at risk of homelessness. No phone connection means no access to Centrelink, support, JSP, appointments with services, access to the outside world. It's completely detrimental.'

1 Australian Government Productivity Commission (2016) *Telecommunications Universal Service Obligation – Productivity Commission Issues Paper*, PC: Canberra, pp. 6, 8.
2 Ibid., p. 17.
3 Australian Government Department of Broadband, Communications and the Digital Economy (2013) *Advancing Australia as a Digital Economy: An update to the National Digital Economy Strategy*, DBDCE: Canberra.
4 Ibid, p. 6.
5 Ibid, p. 7.

support and health services.[6] Similarly, in this survey, financial counsellors told us that many if not most of their clients rely exclusively on mobile phones, using them for tasks like banking, paying rent and bills, and reporting to Centrelink.

Access and affordability

The centrality of telecommunications – especially mobile and internet services – means that losing access to these services has an enormously detrimental impact. Critically, for people reliant on income support payments, lack of telecommunications access can undermine the ability to report income to Centrelink, placing payments in jeopardy. For a person in financial difficulty, losing access to phone and email curtails communication with creditors, essential service providers and financial counsellors, further complicating their financial situation.

'Trying to report fortnightly income to Centrelink with no phone/internet and with your 'local' office an hour's drive away is very problematic.'

But these crucial services are not cheap, especially for low-income households, who spend a higher proportion of their income on telecommunications costs.[7] In one recent study, two-thirds of low-income consumers said that telecommunications costs were among the top five most important factors in their day-to-day household budgets. Almost as many, 62%, reported trouble paying, or having to cut back or stop services within the past year.[8]

These affordability issues flow through into the work of financial counsellors, who are often required to negotiate with telecommunications providers on behalf of clients in financial difficulty. For some time, financial counsellors have been reporting to us that these negotiations are more difficult than those in water, banking, energy or even debt collection. With the *Rank the Telco* survey, we aimed to investigate such experiences systematically.

'Telecommunications debts are the most dreaded debts I work with as a financial counsellor. Even when I have spent many hours trying to speak to someone and then negotiating, I rarely feel a fair and reasonable outcome has been achieved.'

Methodology

Data in this report come from an online survey of Victorian financial counsellors, conducted over a month from 14 November to 17 December 2016.

Reference Group

A Reference Group was established to oversee the design, distribution, analysis and reporting of the survey. The Reference Group included three financial counsellors with high telecommunications caseloads, each representing a different regional or metropolitan location. The Reference Group also included a representative each from ACCAN and VCOSS. The Reference Group Terms of Reference is at **Appendix 1**.

Survey design

The survey (at **Appendix 2**) comprised a mix of quantitative rankings and multiple choice questions, most of which included optional comment sections intended to capture qualitative insights.

The survey was divided into four main sections:

1. a series of contextual questions about the financial counsellor's experience and their assessment of the sector overall
2. ranking questions on three first tier providers
3. a smaller number of ranking questions on second tier providers
4. two final questions seeking further feedback and recommendations.

The survey was adapted from the same instrument used in our previous three ranking surveys. The survey questions were revised to fit the telecommunications context

6 Humphry, Justine (2014) *Homeless and connected – Mobile phones and the Internet in the lives of homeless Australians*, University of Sydney and ACCAN: Sydney, p. 3–4.

7 ACCAN (2016) *Affordability Map – A resource to inform the development of targeted affordability measures in the Australian telecommunications environment*, ACCAN: Sydney, p. 5.

8 Ogle, Greg and Vanessa Musolino (2016) *Connectivity Costs – Telecommunications affordability for low income Australians*, ACCAN: Sydney, p. 4.

based on a review of other research reports and feedback from the Reference Group and individual financial counsellors.

Based on feedback, primarily from the Reference Group, three new questions were added. Firstly, financial counsellors were asked about the level of impact of disconnection on access to a range of services. Secondly, they were asked to rate providers against their adherence to two sections of the *TCP Code* concerning the provision of post-paid services. Thirdly, we invited financial counsellors' suggestions for hardship practice improvements in the sector. These suggestions are not definitive recommendations, but a starting point for discussion.

Most of the survey questions were in the form of standard, balanced, five-point Likert Scales, ranking each provider's practices as either 'very poor', 'poor', 'acceptable', 'good' or 'very good'. Time-based response scales had answer options of 'never', 'rarely', 'sometimes', 'often' or 'always'. Wherever appropriate, questions included a 'not sure' option.

In selecting their responses, financial counsellors were specifically asked to:

- consider their casework as a whole, rather than any single case
- answer every question, selecting the 'not sure' option if it was not applicable
- name the provider and provide detailed comments where possible.

Respondents were asked to base their responses on their casework with each provider over the previous twelve months.

Telstra, Optus and Vodafone were selected as the first tier and survey focus because they are dominant both in terms of both market share and complaints to the Telecommunications Industry Ombudsman (TIO). This selection was confirmed by the lower response rate for questions about second tier providers in this survey – most respondents selected 'not sure' for these questions.

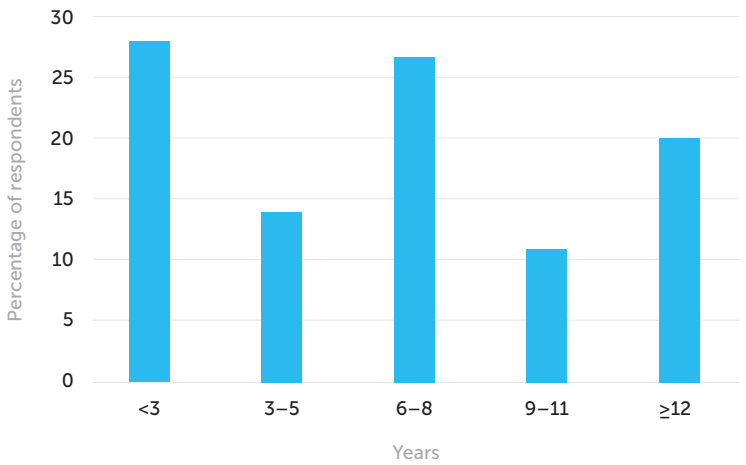
Data collection and respondents

The survey was administered online using the SurveyMonkey platform. Invitations were sent to financial counsellors via email. We also promoted the survey with a ring-around to around one-third of financial counsellors, in e-newsletters and at regional financial counsellor meetings.

These efforts resulted in a high response rate. FCRC had 201 current, active members in December 2016; over two-thirds of these (137) responded to the survey.

Close to three-quarters of respondents were financial counsellors with more than three years' experience in the field; 20% had been financial counsellors for more than 12 years (**Figure 2**). Respondents' geographical profile was consistent with previous surveys: 55% were from metropolitan Melbourne, 34% were in regional areas and 10% were in rural or remote areas.

FIGURE 2: Years of experience as a financial counsellor



Data analysis

Survey responses were analysed in January 2017 using a combination of tools: SurveyMonkey, Microsoft Excel and the qualitative analysis software NVivo. Where possible, weighted averages were calculated to assess overall rankings and to compare and contrast responses. Where there was inconsistency in responses – that is, where financial counsellors had divergent views – this has been noted in the report.

Throughout the survey, financial counsellors responded with 'not sure' where their casework was not a sufficient basis for an accurate assessment. Our comparison of 'not sure' response numbers for different questions and our analysis of linked comments confirmed that respondents chose this option where they felt unable to make a valid judgement. The percentages shown throughout the report were calculated with 'not sure' responses removed.

In the report, we have complemented quantitative data with direct quotes drawn from respondents' detailed comments, as well as paraphrased summaries of comment content. These qualitative comments add depth to the quantitative data, offering illustrative examples, nuance and notes on the interpretation of quantitative scores. In quoting and paraphrasing this material, we have chosen a mix of comments that is representative of both the linked quantitative data and the tone and content of all comments.

We received a total of 534 qualitative comments within the survey. The bulk of these comments were about:

- adherence to the *TCP Code*
- the impact of disconnection on clients
- the quality of communication with clients directly and clients' ability to self-advocate
- which of the tier one providers was best or worst (with most comments stating that it is very hard to choose)
- recommendations.

Nearly half of the respondents (66) provided at least one suggestion for change. These suggestions are discussed in the report's final chapter.

Overall performance

Focusing primarily on large, first tier providers, we found that hardship practices in the telecommunications sector are very poor. No provider meets the basic performance benchmarks set in other industries, as detailed below.

First tier providers

Australia's telecommunications sector is highly concentrated. Telstra, the country's largest telecommunications company, accounts for around 40% of the market[9] and holds the greatest market share across all telecommunications retail services.[10] Singtel Optus, the next largest competitor, has less than half Telstra's market share. It trades primarily under the Optus brand,[11] which, like Telstra, offers both fixed-line and mobile services. The third first tier company, Vodafone Hutchison Australia, owns the Vodafone brand, which offers only mobile services.

To assess the overall performance of these first tier telecommunications providers, we asked financial counsellors to rate each provider's financial hardship practices over the past year. Respondents' scores used a scale from 1 ('very poor') to 10 ('excellent'). **Figure 3** shows the results. In the view of financial counsellors, all three providers are performing poorly.

FIGURE 3: Overall rating of first tier provider hardship practices

Optus received the highest rating, with an average score of 4.0 out of 10. This slight advantage carries throughout the survey, with Optus consistently receiving marginally higher scores across almost all measures.

'Telstra's biggest problem is inconsistency of advice and options. Usually the only way to ensure consistency is to go through the TIO then work with a case manager.'

Telstra was ranked second with an overall score of 3.7 out of 10. Here, average performance is only part of the story: the spread of responses is also revealing. Throughout the survey, financial counsellors gave highly varied assessments of Telstra's performance. When asked to identify the best performer, respondents were most likely to choose Telstra. Yet Telstra also received the most votes for worst performer.[12] This seemingly contradictory results suggests that Telstra's practices and performance are inconsistent.

Vodafone came in last place with a score of just 3.2 out of 10. Of the three major providers, Vodafone attracted a higher proportion of 'not sure' responses, reflecting that company's smaller market share and service offering. Those financial counsellors who had dealt with Vodafone and felt able to assess its performance continually rated it slightly below Optus and Telstra.

'[I] cannot rate any of the three as I do not believe any of them understand what financial hardship practice is.'

Although there is a consistent performance gap between Optus, Telstra and Vodafone, the difference is slight. The key message to be taken from these providers' scores is

9 Lo, Brian (2016) *IBISWorld Industry Report J5800: Telecommunications Services in Australia*, IBISWorld, p. 18.
10 PC (2016) *Telecommunications Universal Service Obligation – Issues Paper,* p. 10.
11 Optus Singtel also owns the Virgin Mobile Australia brand.
12 30 respondents selected Telstra as the best performer; 31 (presumably different) respondents identified it as worst.

that performance is almost uniformly poor across the board. Similarly, when we asked financial counsellors to select the best and worst performer, almost half (46%) said that they weren't sure. In the large number of comments on this question (69), respondents typically reported that it was difficult to choose from among 'a very bad bunch' who were 'equally as bad as each other'.

Second tier providers

Collectively, other providers account for just under 30% of telecommunications sector revenue. Second tier telecommunications providers each have market share of between one and three percent.[13] Consequently, financial counsellors deal with each second tier provider far less frequently than with Telstra, Optus or Vodafone.

'On the limited times I have had to deal with any [second-tier providers], they are mostly internet-based services and it's difficult to get through to a person, let alone a hardship team.'

Following our approach in previous ranking surveys, we included an abbreviated set of five questions about a group of second tier providers: TPG, iiNet, Dodo, Virgin, Vaya, M2 Commander, i-Primus and Amaysim. For most of these providers on most measures, fewer than one-quarter of respondents were able to provide a rating. As such, we have not detailed these results in this report.

'Dodo facilitated reasonable outcomes with return of a handset.'

Broadly speaking, however, financial counsellors' responses and comments suggest that while there are instances of reasonable practice, the performance of second tier providers is even worse than that of Optus, Telstra and Vodafone. With an overall performance score of 3.4, only one second tier provider bettered that of the worst-performing tier one provider, Vodafone. Other second tier providers received overall scores ranging from just 2.1 to 3.2.

'Many disadvantaged clients approach Dodo as their plans are affordable, but the issue is that they are often unapproachable and not helpful to clients in distress or financial hardship.'

Comparison with other sectors

While the survey results do point to minor differences among providers and between the two tiers, the most striking finding is that the telecommunications sector as a whole is reported as performing very poorly in its approach to customers in financial hardship. Even the top-rated provider, Optus, failed to achieve an acceptable overall rating, scoring 4.0 out of 10.

'The telco sector are laggards in the financial hardship space.'

The comparison with other sectors is illuminating. In our 2016 *Rank the Energy Retailer* survey, for example, the worst-performing tier one retailer still achieved a score of 5.8, almost two points higher than Optus's score.[14] Even in our first energy ranking survey in 2014, when performance was poorer, the best provider scored 5.6, while the worst, at 3.6, achieved a higher rating than the lowest-ranked telecommunications provider in this survey. Similarly, when we surveyed financial counsellors about banking sector performance in 2012, scores for the 'big four' banks ranged from a low of 4.3 to a high of 6.4. (More detail on results across all four surveys is at **Appendix 3**.)

Telecommunications providers also stacked up poorly against other sectors when, in this survey, we asked financial counsellors to compare overall hardship practices across several sectors that they deal with: telecommunications, banking, energy, water and debt collection. Telecommunications providers ranked last, outperformed even by the debt collection industry. A majority of respondents (61%) described the telecommunications sector as worse than others; 29% thought it average or were unsure; and just 10% of respondents rated it better than others.

These results back up what FCRC has long been hearing from individual members. Telecommunications services are equally as essential as energy or water – even more essential, according to some respondents. As a Reference Group member noted, for some homeless clients, a phone is even more important than somewhere to sleep. It is therefore of great concern that, in the assessment of financial counsellors, the telecommunications sector is not meeting the same hardship performance standards as other essential service industries.

'For some clients, a phone is more important than a bed.'

13 Ibid., pp. 6, 18.

14 Both surveys had FCRC members as the survey population and the respondent group for each is likely to overlap substantially, adding validity to the comparison.

Sales

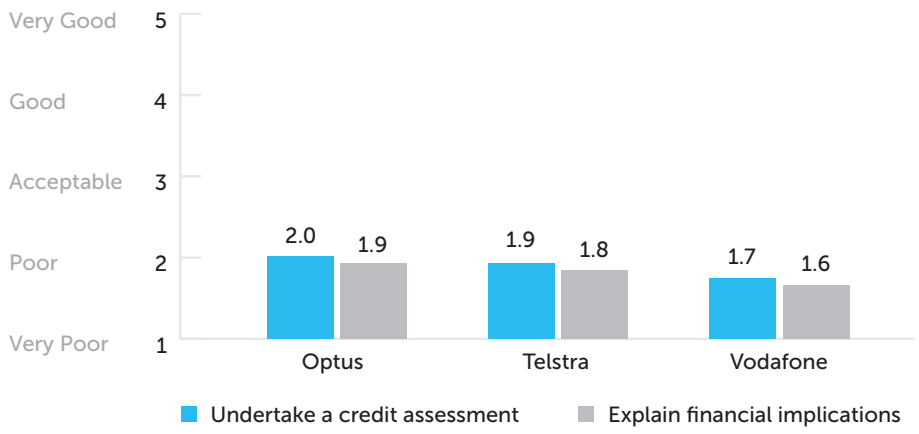
The survey included a group of questions about the products and services telecommunications providers offer, how they are explained and sold to vulnerable customers, and how well these customers understand the services. In comments across all of these questions, financial counsellors indicated that fundamentally, the approach to provision has sales, rather than customer care, as its focus.

Credit assessments

Post-paid 24-month contracts for mobile phone handsets and services were identified by our respondents as the biggest contributor to clients' telecommunications debts. Almost all financial counsellors identified these post-paid phone contracts as either a 'major' (67%) or 'moderate' (32%) contributor to debt (a detailed breakdown of this data is at **Appendix 4**).

Because of this higher risk of consumer detriment, post-paid services are subject to special consumer protection requirements under the *TCP Code*, the industry code that sets customer service standards for the industry. Among these provisions is the requirement that providers undertake a credit assessment before selling a consumer a post-paid service.[15] Financial counsellors gave a negative assessment of providers' compliance with this requirement (**Figure 4**).

FIGURE 4. Rating of adherence to *TCP Code* requirements on post-paid services



'They do a credit check, but never an affordability assessment.'

'Amazed me that a person on Centrelink can get four mobile contracts linked to the same account... A couple of months later they don't have the phones.'

'They don't care about selling products that low-income people can't afford, especially in-store.'

A common view was that while providers seem to conduct a cursory credit assessment, the process is not rigorous enough to prevent supply of unaffordable services. Respondents commented that providers simply check credit default listings and perhaps customer history with the business. However, they do not look at the customer's income source and overall situation or check their capacity to pay for the service.

Some respondents noted that customers may not always disclose their financial situation, but that the information they do provide is taken at face value by providers. Some felt that such a cursory approach was more pronounced in particular sales situations, such as in-store and with third-party sellers.

A number of respondents drew attention to the related issue of insufficient identification checks. Where a sale is made online, identity checks are performed by the postal worker or courier who delivers the handset, rather than the provider themselves. This process is more vulnerable to identity fraud, which can take months of negotiations to resolve and can be extremely deleterious to consumers.

15 Communications Alliance Ltd (2016) *C628:2015 Telecommunications Consumer Protections Code Incorporating Variation No.1/2016*, p. 45.

Several financial counsellors supported their concerns about credit assessment processes with examples of extremely inappropriate provision of post-paid phone contracts. These included sales to customers with very limited income; sales of multiple contracts to customers with poor credit history; and sale to a customer for whom the provider had previously waived a substantial debt due to hardship.

The TIO has reported that it receives complaints about providers approving applications without undertaking a sufficient credit assessment or despite results indicating that the consumer was not in a position to pay for the service.[16] It has developed a guideline setting out how it approaches such complaints.[17]

'Salespeople may take advantage of vulnerable clients, such as the elderly and people with mental health issues or limited English, and sign them up for a contract that they don't need, such as a bundle.'

'Vodafone gave a two-year contract to my client with no income, on a temporary visa – no access to Centrelink payments and no right to work. Are they crazy?'

'I have undertaken debt waivers for a client on Centrelink who was sold multiple plans and contracts that she had no capacity to pay and that didn't suit her needs. The waiver was around $2,000 with TIO assistance. And then they went and gave her further contracts!'

'Telephone retailers do not generally espouse or champion the 'credit' component of their services and products – or the risk of financial over-commitment or debt.'

'It's difficult as some clients have low literacy levels and don't understand.'

Financial implications

The *TCP Code* also requires providers to explain the financial implications of a post-paid service before providing it to a consumer.[18] We asked financial counsellors for their assessment of how well providers adhere to this requirement (**Figure 4**). Where they felt able to provide a rating, financial counsellors assessed performance as 'poor' or 'very poor'. Optus and Telstra performed fairly similarly, with 88% and 90% of respondents rating them as 'poor' or 'very poor' respectively (weighted averages of 1.9 and 1.8). Vodafone was considered worse again, with 98% rating them as 'poor' or 'very poor' (weighted average of 1.6). That is, none of the three providers were even rated above 'poor', on average.

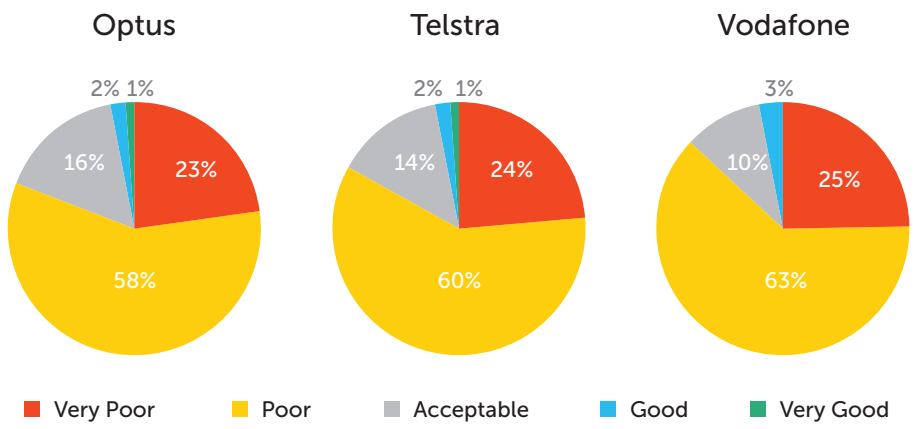
In comments, respondents explained that where this information is given at all, it is limited to disclosure of the monthly minimum cost, without any explanation of potential higher costs. Other financial counsellors commented on presentation, arguing that essential information is not given in plain English, or is explained only in fine print.

The explanation is particularly inadequate for certain vulnerable clients, including young people, people with low literacy or intellectual disabilities, and those who do not speak English well – for whom interpreters are not provided. Some of these clients do not have the capacity to understand the complexity of the service or the implications of taking it up.

Understanding of contractual and billing obligations

We asked financial counsellors to rate, where possible, clients' understanding – at their first meeting with the financial counsellor – of their contractual obligations, including their bill payment obligations.[19] Again, differences between providers were very slight, with a majority of respondents describing understanding as 'poor' across all three (**Figure 5**).

FIGURE 5. Rating of client understanding of contractual and billing obligations



16 TIO (2016) *Position statement: Assessing credit for a service.*
17 *Ibid.*
18 Communications Alliance Ltd (2016) *C628:2015 Telecommunications Consumer Protections Code Incorporating Variation No.1/2016,* p. 45.
19 Respondents were able to select 'not sure' where they could not answer this question.

'Of the clients we see with larger telco debts (say, over $2,000) their understanding is poor.'

'Most clients have no knowledge of the contract terms they have entered into.'

'Too frequently clients have entered into an unfair and misunderstood arrangement with the retailers.'

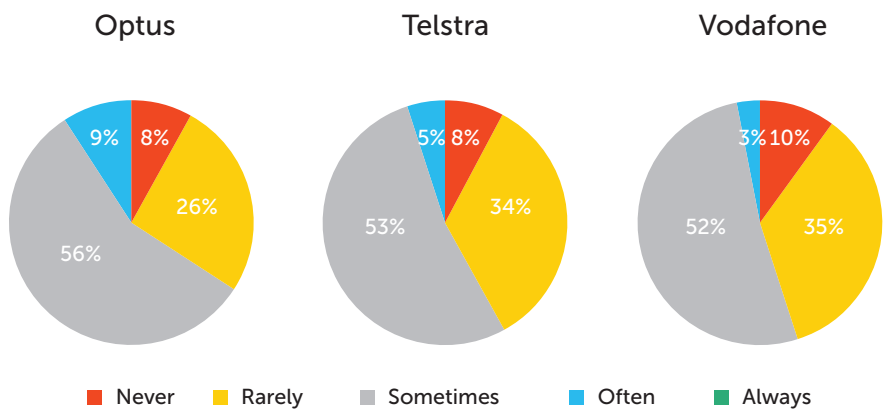
Respondents acknowledged that levels of understanding vary. Many clients, though, have difficulty understanding complex, confusing contracts. One respondent suggested that understanding is typically poor among those with high telecommunications debts.

Financial counsellors suggested that clients often have no knowledge of contract terms or hardship options, and do not understand their bills. Respondents also identified a number of misconceptions some customers hold, often relating to ownership of handsets. For example, a customer may think that they own the handset associated with a post-paid service, and be surprised at the high cost of paying for it should they default. Similarly, where a customer no longer has the phone in their possession, they do not always understand that they are still responsible for paying for it.

Fair, reasonable and appropriate contracts

As well as exploring client understanding of contracts, we asked financial counsellors about the agreements themselves, and how often they were fair, reasonable and appropriate for clients. For all three providers, 'sometimes' was the most common answer, selected by more than half of the respondents (**Figure 6**).

FIGURE 6: Rating of frequency of fair, reasonable and appropriate contracts



'Telstra is one of the worst offenders for upselling.'

Although one financial counsellor observed that contracts had improved 'considerably' in recent years, by and large, respondents were critical of the contracts between providers and their clients. Several said that as a result of upselling, clients' contracts frequently include unneeded and unsuitable products and upgrades, often bundled together. As a result, contracts become unaffordable and contribute to financial hardship. Most financial counsellors identified bundling and the sale of unnecessary services to clients as 'moderate' or 'major' contributors to telecommunications debt (a detailed breakdown of responses to this question is at **Appendix 4**).

'Hard sell commissions in the retail stores are a big factor for people being over-committed with their phone plans.'

'The big problem is the provision of additional contracts/services without assessing ability to pay.'

Contracts that link family members together were also seen as problematic, particularly in cases of family violence. Financial counsellors described cases in which partners or other family members coerced women – and even girls – into taking out multiple contracts that they then had no control over. This is an issue that might be at least partially prevented by improved assessment of capacity to pay at the point of sale.

Attitude

Providers' understanding and attitudes are the bedrock of their response to financial difficulty. These influence how staff communicate with customers experiencing hardship and the type of assistance they offer.

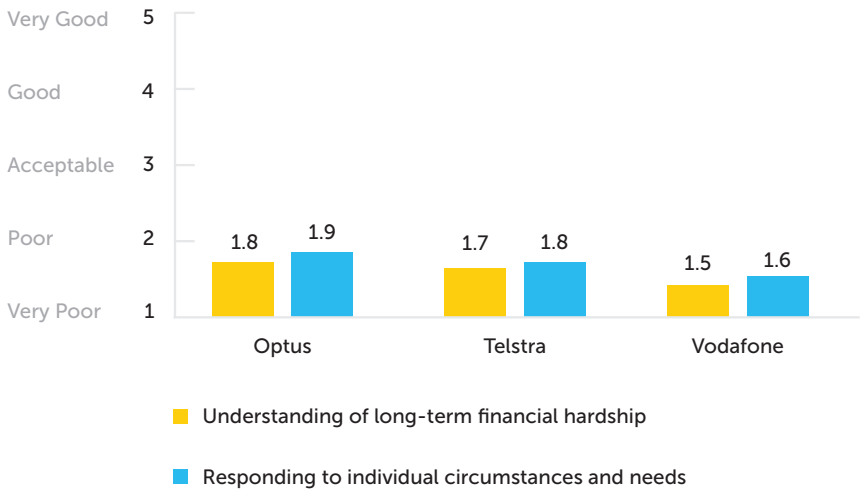
Understanding of long-term financial hardship

We invited financial counsellors to rate each provider on their understanding of how long-term hardship affects clients. As seen in **Figure 7**, performance was considered 'poor' or 'very poor' across the board, with only small differences between the average scores given to Optus (1.8), Telstra (1.7) and Vodafone (1.5). Optus received a 'very poor' rating from 38% of respondents; Telstra and Vodafone were given the same rating by 44% and 52% respectively. These ratings are lower than those given to the banking and energy sectors in past surveys (see **Appendix 3**).

'No understanding whatsoever.'

'I often hear that not being able to pay your bills is not a reason for them to help or waive anything.'

FIGURE 7: Rating of provider understanding of hardship and response to individual circumstances



Financial counsellors' comments were also extremely critical: providers were described as having 'no' or 'zero' understanding of long-term hardship and how it affects customers. Some respondents saw this as a reflection of conflicting ideas about the nature of telecommunications services. Providers, respondents suggested, see their services as a luxury, rather than something essential to employment, service access and social participation. As a result, financial counsellors reported, they see no obligation to supply and take an inflexible approach: 'pay up or lose it'.

'Telecommunications providers do not see telephone services as an essential service.'

Responding to individual circumstances

Financial counsellors work with clients who face complex and difficult circumstances, such as family violence, unemployment, mental or other health problems and language difficulties – often in combination. Respondents were asked to rate how well providers respond to individual circumstances such as these (**Figure 7**). Almost all respondents (94%) rated Vodafone's performance as 'poor' or 'very poor', with Telstra (86%) and Optus (85%) rating only slightly more favourably.

'I have had clients ring to get assistance and then not get through to hardship but [to] customer service, and they try to sell them another product.'

A few financial counsellors offered specific examples of client circumstances being disregarded, either in sales processes and when assistance was sought. In provision, they indicated, a focus on sales targets overrides consideration of the impact of providing unsuitable and unaffordable services – even, in one example, to customers with cognitive impairment. For clients having difficulty paying, respondents said that

'Whilst they say they understand, they will always ask what the client can pay... in the same breath.'

providers tend to disregard any special need for service access (for example, due to a health condition).

Treatment of clients in family violence situations attracted a number of comments. Financial counsellors suggested that to respond appropriately, staff need family violence training and a compassionate attitude. A couple of respondents observed that providers are somewhat better at responding to clients experiencing family violence than to those who are unemployed or who have mental health problems. Two commenters singled out Telstra for taking a 'slightly better' approach than other providers.

'[Telstra] do provide vouchers for clients with landlines and prepaid services for family violence clients, which is nice of them, but they could do a lot more.'

Nevertheless, financial counsellors also recounted examples of very poor treatment of clients in family violence situations, such as disbelieving or dismissive responses when they disclosed their circumstances. In another example involving a woman facing family violence, a financial counsellor described a client who was in a wheelchair and unable to communicate verbally. Although this client was reliant on a personal alarm system using her internet and phone line, her services were disconnected for four weeks. Even with the involvement of a senior manager and the TIO, reconnection was not fast-tracked.

Communication

Good communication underpins and makes possible effective assistance for customers experiencing hardship.

Communication with financial counsellors

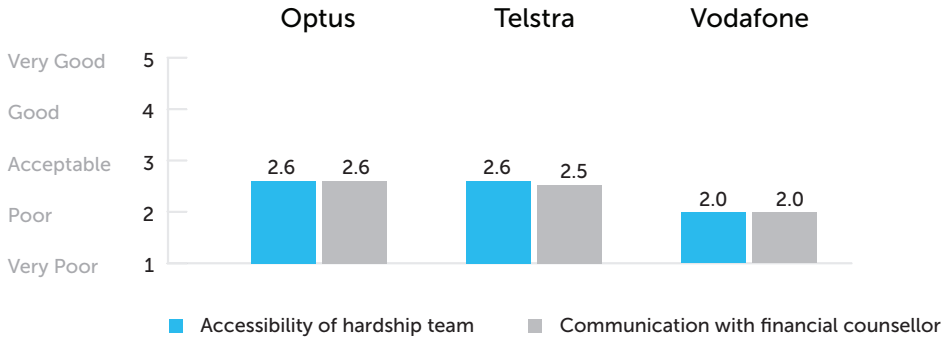
Previous ranking surveys have uncovered differences in the quality of communication with financial counsellors and customers themselves – a pattern that is repeated in the telecommunications sector.

Accessibility of hardship teams

To access assistance, financial counsellors typically need to navigate past frontline and collections teams to speak with specialist hardship staff. We asked financial counsellors how accessible such hardship staff are. According to respondents, this is one of the better areas of performance for all providers, and an area where Telstra and Optus are on par, with both achieving an overall rating of between 'poor' and 'acceptable' (2.6) (**Figure 8**). Vodafone's rating was still around 'poor'.

'It's hard to get through to a hardship department, you usually have to deal with the 'just pay us money even if you can't afford it' people first.'

FIGURE 8: Rating of hardship team accessibility and communication with financial counsellors



Nevertheless, in comments, financial counsellors described an array of challenges: dedicated lines that change, leading financial counsellors back to the call centre; long call wait times; multiple transfers in order to speak to the right person; difficulty getting past collections to hardship staff; and return calls or follow-up that is promised but not delivered. Several respondents also remarked on the barrier to communication presented by a lack of email contacts.

'They are accessible, but this doesn't mean they are good, helpful or necessarily useful.'

'While special financial counsellor lines are provided, we have found the numbers change and you end up in call centres. When you do get through to the correct area it is still difficult to negotiate a reasonable solution.'

On the positive side, one financial counsellor noted that provider staff are good at advising customers on how to authorise a third party to speak on their behalf, and will generally – but not always – accept customer consent for this over the phone.

Quality of communication with financial counsellors

We also asked respondents to rate providers on the quality of their communication with financial counsellors. Again providers, particularly Optus (2.6) and Telstra (2.5), performed slightly better on this measure than on many others in the survey, averaging somewhere between a 'poor' and 'acceptable' rating (**Figure 8**).

'Vodafone and Optus usually respond promptly to communications. This is not always the case with Telstra and follow-up may be required.'

In comments, however, respondents had little positive to say. Overall, providers' communication approach was described as 'dismissive and unhelpful': focused on debt collection rather than hardship assistance.

'Telstra emails are often difficult to understand, or don't address key issues.'

'Getting copies of contracts is incredibly difficult.'

Respondents also described process and customer service problems that hamper communication and resolution. Issues include slow responses; inability to speak with the same person twice; and difficulty getting copies of contracts. Even once an agreement has been reached, comments indicate that providers may not follow through, leading to further detriment for the client.

Communication with customers

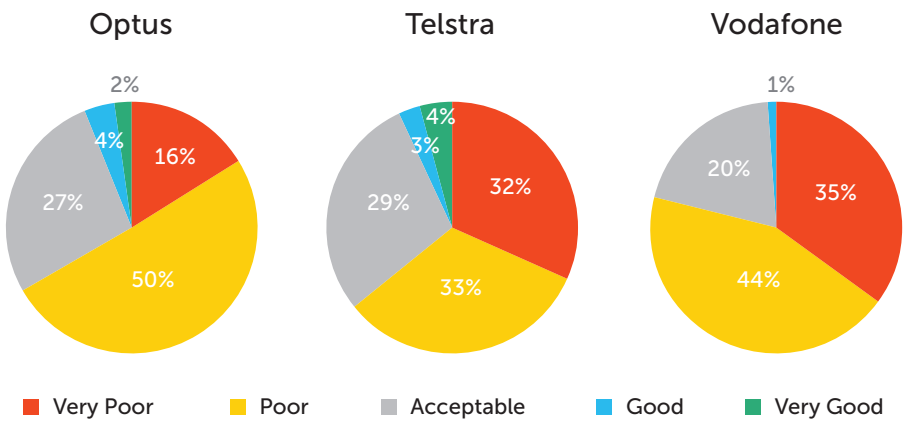
As well as asking respondents about providers' communication with financial counsellors, we sought their insights into providers' direct dealings with customers. Reiterating a theme that runs throughout the survey results, financial counsellors told us providers take a debt collection approach, not a hardship one.

Quality of communication with customers

'None of the telcos have a stellar record of communicating well with their customers who are in financial difficulty.'

Financial counsellors were asked to rate providers' performance in terms of the quality of their communication with customers – things like reliably returning calls, confirming agreements and responding promptly to requests. For each provider, the largest group of respondents rated performance as 'poor' (**Figure 9**). These results are lower than those given to energy retailers in our 2016 survey, which were between 'poor' and 'acceptable'.

FIGURE 9: Rating of quality of communication with customers



Comments reinforced this negative assessment, describing common 'very poor' overall practices that necessitate financial counsellor intervention on behalf of clients. Communication difficulties include long call waiting times, difficulty getting through to the right person, unclear communication, failure to offer interpreters and lack of email contact channels.

'None of the telcos are good at offering interpreter support to ensure the customer understands what they are agreeing to.'

These issues are compounded by a lack of empathy and poor customer service – things like incorrect file notes, non-responsiveness and poor understanding of issues. The result is customer anxiety and reluctance to engage with providers.

Customer self-advocacy

Where a provider has high customer service standards and established hardship processes, customers in hardship should be able to negotiate assistance themselves, without needing a financial counsellor to intervene on their behalf. We asked financial counsellors whether, in their view, customers were given this opportunity to self-advocate, negotiating support arrangements directly with hardship staff.

According to financial counsellors, providers allow and even encourage customers to negotiate on their own behalf. However, these discussions are usually with frontline call centres or collections teams, rather than hardship staff. Two respondents described providers actively bypassing them, preferring to talk 'directly to clients, seemingly in order to push them into inappropriate arrangements.

There was strong agreement in comments that when clients self-advocate, outcomes are typically poor. Lacking knowledge about their rights and options and worried that their service will be disconnected, customers agree to inappropriate and unaffordable payment arrangements that are less favourable than what a financial counsellor could achieve. Making matters worse, clients who agree to and later break unrealistic payment arrangements can weaken their future negotiating position.

'I had one client this morning tell me he got six calls from Optus yesterday. He told them each time they needed to talk to me and they said, 'No we don't. You have to talk to us and we are going to keep calling you until you speak to us.'

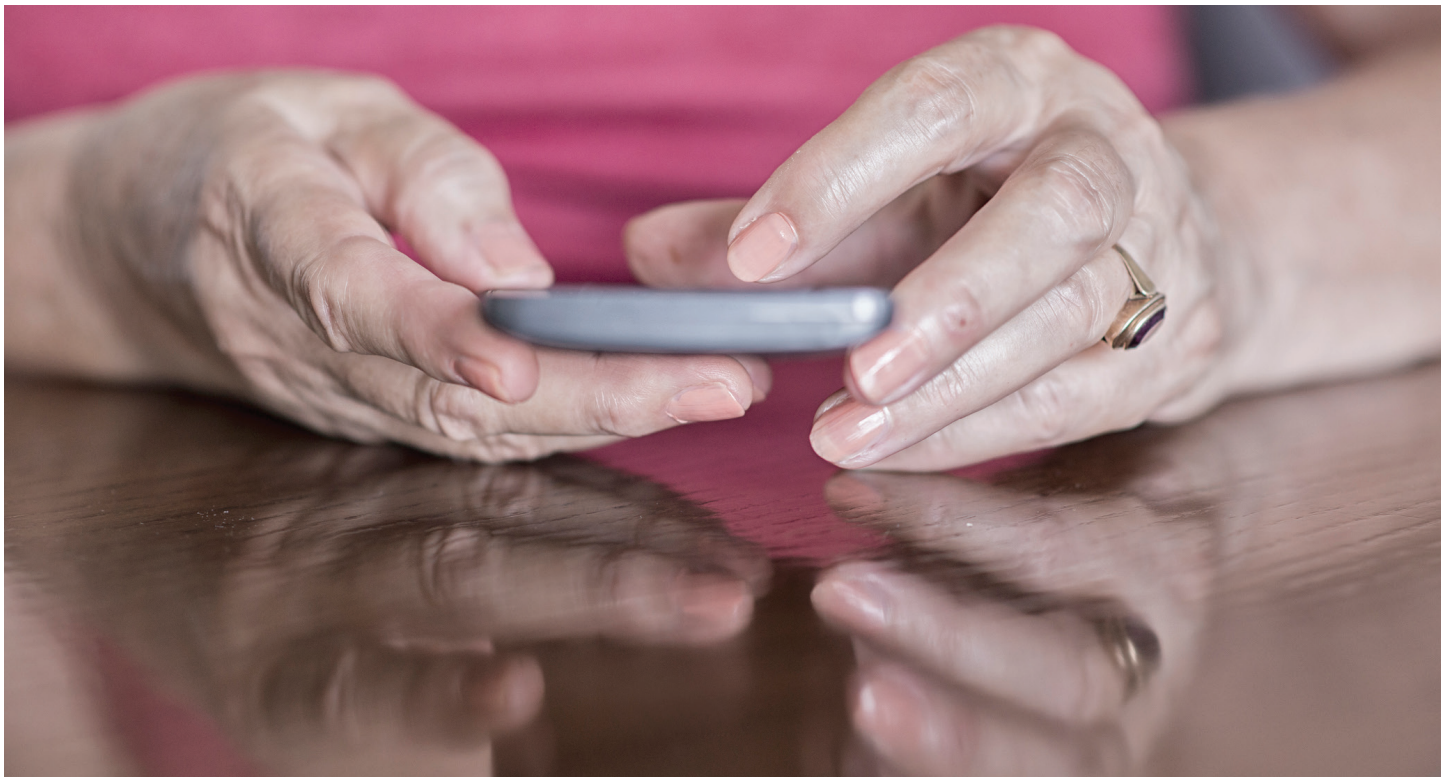
Pre-disconnection communication

Under the *TCP Code*, providers must contact and give notice to customers before restricting, suspending or disconnecting their services. In doing so, they are also required to tell customers about their financial hardship policy.[20]

We asked financial counsellors about the contact providers make before disconnecting services. Financial counsellors commented that while contact is made, messages are 'heavy-handed'. Rather than offering support, providers tend to issue warnings and seek collection of the full amount owing. Financial counsellors reported that at best, payment may be deferred to the next billing cycle. Warnings meet minimum regulatory requirements, but there is no attempt to make personal contact or consider customer circumstances.

'Yes, they send a flood of imminent disconnection warnings via SMS – hardly offering support!'

'Telecommunications retailers have improved messaging and contacting clients that their account is in default and at risk of disconnection. This is good. However, I have little experience of retailers providing 'support' or solutions that would avert disconnection.'



20 Communications Alliance Ltd (2016) *C628:2015 Telecommunications Consumer Protections Code Incorporating Variation No.1/2016*, p. 50.

Assistance

Compared to regulation in similar industries, telecommunications sector regulation is not prescriptive about how providers assist customers in financial hardship. Under the *TCP Code*, telecommunications providers are required to have and make available a hardship policy. Although this policy must set out the options available to customers or former customers experiencing hardship, the *TCP Code* does not prescribe or even identify what these options may be.

In 2014, the Communications Alliance, TIO and Financial Counselling Australia (FCA) extended guidance to industry by developing voluntary principles and practices for responding to financial hardship. This document does identify specific assistance options, including: payment extensions; flexible payment arrangements; waiver of late payment fees; payment incentives (such as partial debt waivers); hard caps and shaping; account restructuring; 'right-sizing' of services; and transfer to prepaid services.[21]

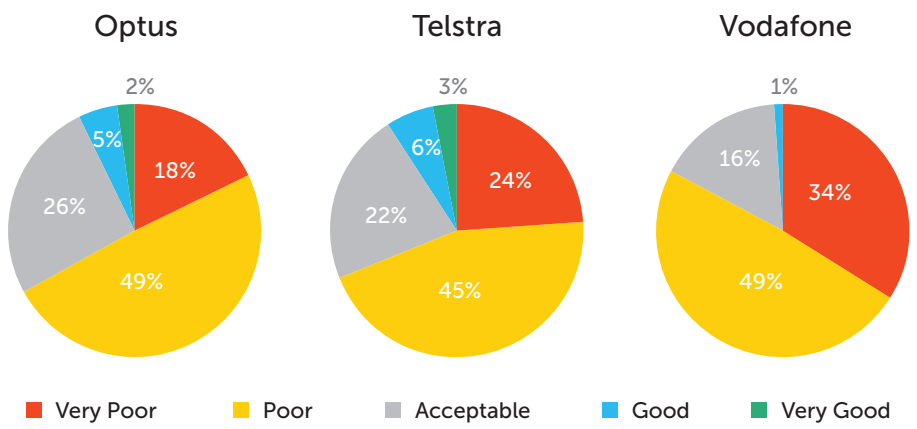
We asked a number of questions focused on options such as these, asking financial counsellors what material assistance telecommunications providers offer – or choose not to offer – to customers experiencing hardship.

Reducing contractual obligations

'I find it very hard to assist a client to have a plan changed to something affordable, with the provider wanting to cancel and charge cancellation fees, then set up a new contract.'

Financial counsellors were asked to rate each provider on the degree to which they offer options to reduce contractual obligations on customers in financial hardship. Most respondents rated performance as 'very poor' or 'poor' for all three providers: 67% of respondents for Optus; 69% for Telstra and 82% for Vodafone (**Figure 10**).

FIGURE 10: Rating of options to reduce contractual obligations



'Vodafone doesn't negotiate. It's their way or the highway.'

Comments described a highly inflexible response to customers experiencing payment difficulty. If a customer can't pay, disconnection of services – perhaps with a waiver of contract break fees – may be the only response. Vodafone was singled out for taking a particularly hard-line approach, allowing no variation to payment dates and 'demanding' payment by direct debit.

'Optus look at a range of options in line with the reason and the ongoing implications of the hardship.'

On the other hand, some financial counsellors said that 'very good' arrangements could be made – but not consistently, and only with great effort. There is variation both between providers and within each business. Internally, success often turns on

'A contract variation or removal of unnecessary services from a contract requires serious advocacy.'

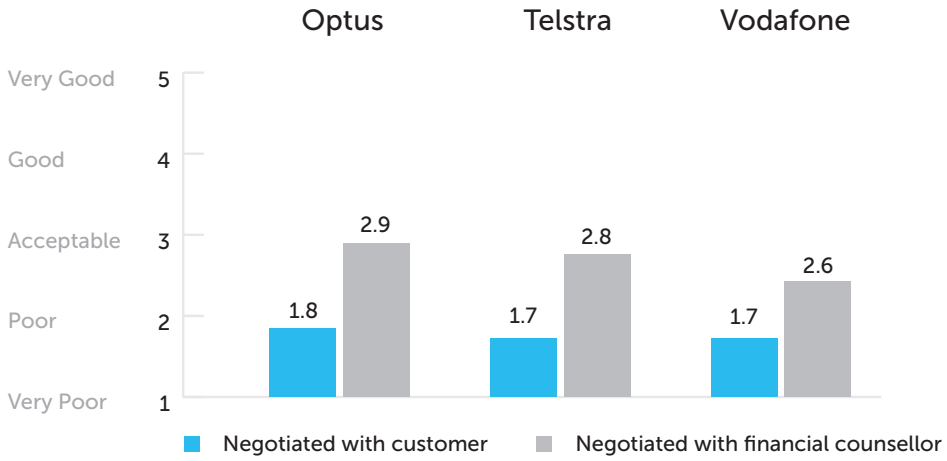
21 Communications Alliance, TIO and FCA (2014) *Responding to customers in financial hardship: Principles and practices for telecommunications providers*, pp. 10–11.

getting through to the 'right person'; on the particulars of the client's circumstances; and on whether the provider acknowledges that it has been in fault in some way. Even so, respondents remarked that removing unnecessary services or otherwise varying contracts takes a level of effort that is disproportionate to the value of the service and well above what is necessary in other sectors.

Payment arrangements

In cases of financial hardship, the *TCP Code* encourages (but does not require) providers to offer flexible repayment options 'where possible'.[22] We asked respondents to rate the payment arrangements providers make, both directly with customers and once a financial counsellor has become involved.

FIGURE 11: Payment arrangements negotiated with customers and financial counsellors



For all providers, customer-negotiated payment arrangements were rated between 'very poor' and 'poor' (**Figure 11**). In comments, financial counsellors were unanimous in their negative assessment of the payment arrangements that customers negotiate for themselves. Respondents described payments that were unrealistically high and often no different from those set out in the original contract. Being unaffordable, they are also unsustainable, meaning that clients' services have often been disconnected by the time they reach a financial counsellor. To resolve the situation, a complaint to the provider or the TIO is often necessary.

Unsurprisingly, financial counsellors said that they are able to make payment arrangements that are an improvement upon those that customers negotiate for themselves. For each provider, the largest group of respondents rated performance on this measure as closer to 'acceptable', while a small number of respondents even described the resulting payment arrangements as 'good' or 'very good'. Once again, Optus (2.9) rated slightly higher than either Telstra (2.8) or Vodafone (2.6) on this measure (**Figure 11**).

Even with financial counsellor involvement, however, problems remain: respondents described many payment plans as short-term only or still unrealistically high.

Where financial counsellors are able to negotiate somewhat better outcomes, this can require a great deal of back and forth, involvement from the provider's internal dispute resolution area, or intervention from the TIO. The outcome can also depend in large part on the particular customer service representative contacted.

'Clients agree to any payment plan to keep the phone from being disconnected.'

'Most people will prioritise telephone accounts over other necessities, including health (medication expenses for example) and food on the table.'

'Better than without advocacy.'

'It depends on what point the client engages with a financial counsellor. Probably overall the client gets a better outcome in a financial counsellor is involved.'

'They remain unrealistically high.'

'Depends on the circumstances and who you speak to in Hardship.'

'Telstra may provide further assistance in the end, but it takes much more going back and forward.'

22 Communications Alliance Ltd (2016) *C628:2015 Telecommunications Consumer Protections Code Incorporating Variation No.1/2016*, p. 56.

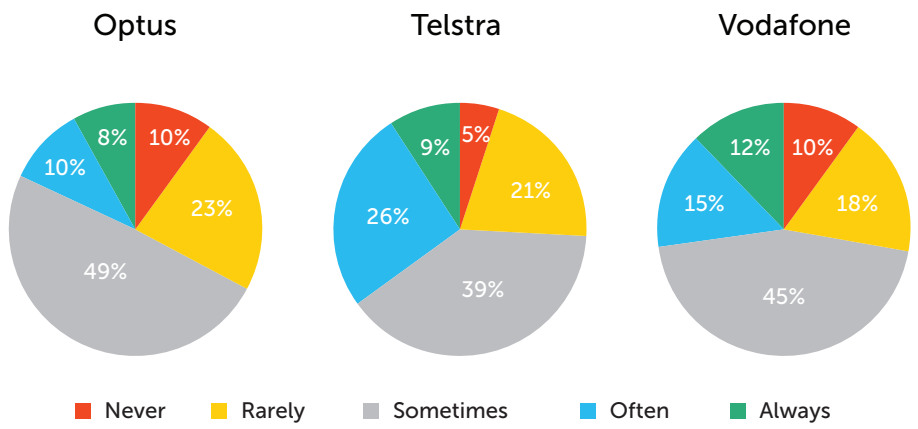
Client outcomes

The most important measure of any hardship policy or practice is the quality of the outcomes that they produce. The survey investigated how often hardship matters have to be escalated to the TIO and how providers approach the sale of customer debts to debt collectors. We also asked for an overall evaluation of client outcomes after hardship processes.

Escalation to the TIO

We asked financial counsellors how often they escalate client issues to the TIO because they could not negotiate affordable payment arrangements on behalf of client. For all three providers, the most common response was 'sometimes'. Financial counsellors were most likely to escalate issues to the TIO for Telstra, followed by Vodafone (**Figure 12**).

FIGURE 12: Frequency of escalation to the TIO



'Most times I need to go to the TIO to get a positive response on behalf of a client in financial hardship.'

Financial counsellors' comments revealed the different considerations that influence the decision whether or not to escalate a complaint to the TIO. For example, a complaint may be escalated because the provider simply refuses to negotiate. One financial counsellor said that they had escalated few complaints in the past year, and attributed this to improvements in provider practices.

'Sometimes it's difficult to get clients interested in following through with a result.'

For others, however, the decision not to refer a matter to the TIO reflects a lack of faith in the outcome on the part of the financial counsellor or the client. Respondents remarked that clients often reject the option of going to the TIO, and it can be difficult to encourage clients to follow through with a complaint.

'I don't escalate to the TIO as regularly as I would with other Ombudsman schemes as I don't see much improvement in the outcome anyway.'

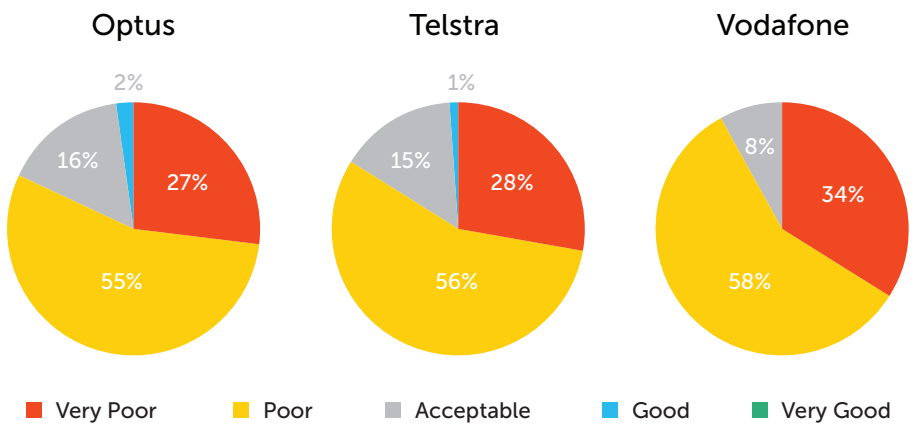
Several financial counsellors were critical of TIO processes and complaint outcomes. These respondents argued that going to the TIO can result in significantly high workload, when compared to other industry ombudsmen; and that providers remain difficult to work with in the external dispute resolution process. At its conclusion, for some financial counsellors, outcomes for the client may improve only marginally, and staying connected is by no means guaranteed. This may partially explain the high rate of 'never' or 'rarely' responses, at around 30% for all three providers.

Debt collection practices

'Debt collection is often outsourced too quickly, and then the client finds it difficult to afford to get a prepaid phone.'

Rating providers on their debt collection processes, financial counsellors saw performance as just under 'poor' for all providers (**Figure 13**). Over half gave 'poor' ratings to Optus (55%), Telstra (56%) and Vodafone (58%). In comparison, energy retailers are currently ranked as between 'acceptable' and 'poor' on this measure. Respondents described debt collection practices as aggressive, harassing and inconsistent. They remarked that providers are quick to list credit defaults and sell

FIGURE 13: Rating of debt collection practices



customer debts to debt collectors – although one financial counsellor commented that Telstra makes more effort to collect before on-selling debts. Once debts have been sold, some reported, dealing with the client's issues becomes much more difficult.

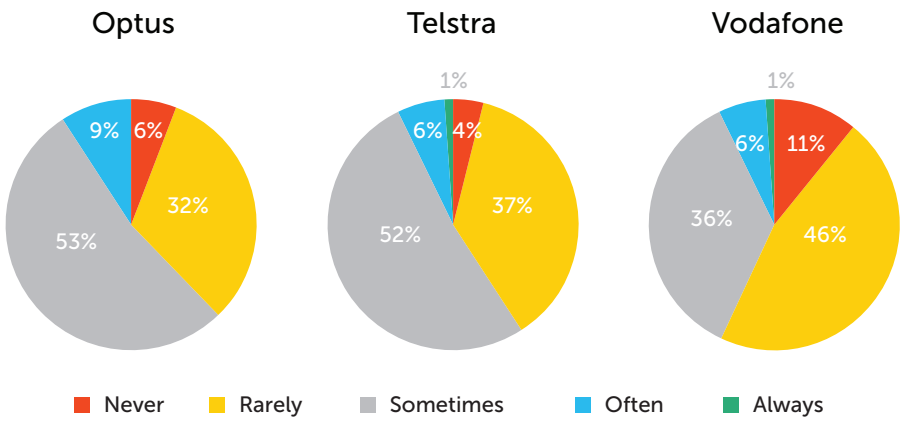
Fair, reasonable and appropriate outcomes

Finally, respondents were invited to make an overall assessment of final hardship arrangements, rating providers on the extent to which, after negotiations, outcomes are fair, reasonable and appropriate. This question reflects the financial counselling sector's approach to hardship and, for consistency, has been included in all of our ranking surveys (see **Appendix 3** for details).

'It's tough work getting there.'

Consistent with scoring for other questions, financial counsellors assessed performance on the question as poor, indicating only small improvements in outcomes after negotiations (**Figure 14**). For both Telstra and Optus, 'sometimes' was the most common answer, selected by 52% and 53% respectively; both also had a significant proportion of 'rarely' responses – around one-third. For Vodafone customers, fair outcomes are seen less often: the largest group, 57%, said this happens only 'rarely' or 'never'.

FIGURE 14: Frequency of fair, reasonable and appropriate outcomes



'Just when you think there is a solution on the table and the matter finalised, there will be a system problem, or another fee not disclosed, or the timeframe too short. These telcos are the gift that keeps giving – rarely is the solution the end of the story.'

Financial counsellors' comments on this question echoed the themes in other questions about providers' assistance to customers in hardship. At worst, no progress is made towards a fair, reasonable and appropriate outcome. At best, a good outcome may be achieved after several months of effort or an escalated complaint. Even then, an omitted detail or customer service hurdle might mean the agreed solution is not implemented, and negotiations begin again.

Conclusions and next steps

'The telco sector has a long way to go before its hardship practices begin to match the benchmarks set by other consumer-related industries.'

The telecommunications sector is well behind when it comes to adopting practices that help people in financial difficulty to stay connected. Financial counsellors rate performance as poor across the board: there is no provider achieving a minimum acceptable standard. The need for change is clear.

Current and planned policy and regulatory processes are examining some of the issues raised in this report. The Productivity Commission is reviewing the Federal Government's Universal Service Obligation framework, which has historically provided for access to standard telephone and payphone services where this might not otherwise be commercially viable. Later this year, the *TCP Code*, the industry code that sets out protections for telecommunications customers, is due for review.

In the survey, we invited financial counsellors to put forward their recommendations for improvements to hardship practices. These suggestions, discussed below, are put forward as a starting point for dialogue and for consideration in light of the upcoming *TCP Code* review.

Recognising telecommunications as an essential service

'Mobile phones are a VITAL part of a client's life... as important as utilities.'

'Most people will prioritise telephone accounts over other necessities, including health and food on the table.'

'There's no recognition of telecommunications as an essential service, and therefore protections are not the same as, for example, utilities.'

Providers, government and other stakeholders must fully acknowledge that core telecommunications services are essential. In the view of many respondents, this recognition is the foundation that should underpin improved treatment of consumers in financial difficulty.

Steps have been taken in this direction. Industry has recognised the concept of 'essential telecommunications services' – particular services that are, depending on individual circumstances, essential for service access, livelihood and social participation.[23] Similarly, the Universal Service Obligation framework emerged from an understanding that a certain level of service should be reasonably and equitably accessible to all Australians.

We see benefit in industry, government and consumer groups doing further work to identify the key features of a baseline, essential telecommunications service in the contemporary environment. This understanding of essential telecommunications services can then be translated into strong regulatory protections and filter through into providers' sales, customer service and hardship practices.

Ensuring responsible sales practices

'Stem the flow of people getting services they cannot afford in the first place and the flow-on effect to hardship will slow down.'

At the point of sale, telecommunications providers have a critical opportunity to set low-income and vulnerable customers up for success. By selling services that are appropriate and affordable while offering clear, comprehensible information about costs and obligations, providers can help consumers to stay connected without jeopardising their financial wellbeing. In so doing, they can also minimise future business costs associated with unsustainable contracts, such as customer service and debt collection costs.

Conversely, when providers sell unnecessary and unaffordable services, they set in motion future hardship issues that are both harmful to customers and expensive for providers to deal with.

Improving sales practices

Under the *TCP Code*, providers must use fair and accurate sales processes and train

23 Communications Alliance, TIO and FCA (2014) *Responding to customers in financial hardship: Principles and practices for telecommunications providers*, p. 6.

sales staff in how to interact appropriately with disadvantaged or vulnerable customers. Based on their experience with clients, however, financial counsellors observed that low-income and vulnerable clients are being subjected to sales techniques that induce them to sign up for services that they do not need and cannot afford.

These sales practices need to be revisited, with a new emphasis placed on helping customers to select services that match their needs and budget. We suggest that providers review their sales objectives to ensure that incentives to increase sales are balanced with measures to ensure that services sold are appropriate and sustainable for customers.

'Telstra need to change their sales pitch so that customers are not sold accessories and insurance they cannot afford.'

Assessing affordability

Linked to this, there is a clear need for more thorough point-of-sale assessment of customer capacity to afford post-paid services. Given the high total costs of many contracts, respondents argued that applications for these services should be treated similarly to credit card applications.

'They should do a thorough financial assessment prior to the customer signing a contract to ensure that it is affordable.'

In particular, the practices of selling multiple plans on a single contract and bundling a number of services together have high potential to cause detriment. As such, providers need to develop better checks and safeguards for the sale of these services. At the most basic level, for example, providers should not sell additional services to customers already in debt to them. They might also develop a process for flagging customers who add multiple products and services to existing plans or take out a number of contracts within a short period.

In its position statement on credit assessment, the TIO notes that it is in the interests of providers and consumers alike that a provider 'considers the consumer's ability to pay for the service'. Thus the TIO view is that a provider should not supply a service where it knows – or should reasonably know – that the consumer may not be able to pay for the service. This knowledge could be on the basis of a credit assessment or 'other information' the provider has.[24]

We suggest that the upcoming *TCP Code* review should include a review of its guidance on credit assessment procedures. While telecommunications contracts are not subject to National Credit Code credit assessment provisions, these might help to inform a review of the relevant *TCP Code* requirements.

Offering low-cost, basic services

As well as refraining from upselling customers to unneeded and expensive services, providers should also consider developing and promoting cheap, basic services tailored to low-income customers.

'Promote prepaid and encourage this. I know companies aren't making much money on these products, but they're not making money on our clients anyway, with debts, debt collection, writing off expensive mobiles as they can't ask for them back, etc.'

Some financial counsellors commented that they encourage clients to choose prepaid services, or argued that providers should better promote prepaid services to low-income customers. Such services, however, can have drawbacks, potentially costing clients more than post-paid services while reducing the visibility of their telecommunications spend.

Whatever the design of any tailored services, their development should be based on a clear, up-to-date understanding of what constitutes a baseline, essential telecommunications service. They should not disadvantage low-income customers with higher charges for a commensurate level of service.

Providing clear, simple consumer information

Another critical aspect of responsible sales is giving consumers information that

'[Provide] clear, concise explanation of the contract and obligations at the point of sale, including a summary sheet of these obligations.'

24 TIO (2016) *Position statement: Assessing credit for a service.*

enables them to make good decisions. This means providing relevant information and doing so in a way that is clear and as easy as possible to understand. With regard to 24-month post-paid contracts, disclosure should encompass not only the total minimum cost of the contract, but also an explanation of where costs might increase and how the customer can keep charges at the minimum level.

'The complexity of phone plans is a big issue. Consumers need a comparison chart similar to what banks now need to offer for their mortgages.'

Again, the *TCP Code* already contains relevant provisions, including general requirements on providers to communicate with customers in plain language; provide information that is clear, accurate, complete, relevant, current and timely; and take into account any special communication needs of customers. The *TCP Code* also sets out detailed requirements for information in advertising and in the Critical Information Summary (CIS), a summary document meant to facilitate comparison of different offers in the market. There is also some evidence that consumer understanding of CIS – or at least the perception of understanding – has improved slightly in recent years.[25]

Clearly, however, there is much room for improvement. Looking at these issues in-depth, a 2016 study by researchers at Deakin University found that only a very small proportion of consumers could demonstrate adequate understanding of telecommunications agreements and the problems that could arise from them.[26] The researchers concluded that this poor understanding of complex contracts could be a contributor to telecommunications debt.

We suggest that the industry urgently review its approach to contracts with the aim of implementing best-practice plain English contracting. We echo the Deakin University report's call for providers to 'ensure that plans and market offers are kept as simple as possible, with clear elementary features that their customers can easily understand.' We also support its recommendation to the Australian Communications and Media Authority (ACMA) that the CIS be evaluated – and if necessary, reformed.[27]

Improving access and communication

Improving access to hardship teams and communication skills is the first step towards better hardship practice.

Adopting an empathetic manner

'They need to start listening and understanding the struggles clients go through.'

Financial counsellors remarked on the need for frontline and particularly hardship staff to adopt an empathetic, understanding manner: one that is less judgemental and that shows sensitivity to people's circumstances. Listening was identified as a crucial skill.

Training hardship staff

Sensitively assisting customers in financial hardship requires specialised skills and knowledge and should be undertaken by trained hardship teams. Many financial counsellors commented that staff did not appear to be well trained in either the complexity of hardship issues, or the Australian context of their clients. Improved training and communication may resolve cases at a much earlier stage.

Allocating case managers for complex cases

Several respondents noted that assigning case managers for long-term hardship cases would mean clients and financial counsellors do not have to continually re-explain themselves. When hardship matters are complex and may take some time to resolve, hardship teams should consider a case management approach.

25 ACMA (2016) *Reconnecting the customer – Tracking consumer outcomes: 2016 update (RTC2)* ACMA: Canberra, p. 22–23.
26 Harrison, Paul, Laura Hill and Charles Gray (2016) *Confident, but confounded: Consumer comprehension of telecommunications agreements*, ACCAN: Sydney, p. 8.
27 *Ibid.*, p. 9.

Making hardship teams easily accessible

There is also a clear need for hardship teams to be more easily accessible to customers and financial counsellors alike. For customers, accessibility entails better promotion of hardship policies and contact details on providers' websites. Frontline staff also need to be trained to direct customers to hardship teams – not collections – when they disclose that they cannot afford to pay. This would go some way towards enabling customers to self-advocate effectively.

'Ensure that customers get to hardship departments and are not dealing with frontline staff who would have limited understanding and authority to assist clients.'

Financial counsellors should have access to direct phone lines and email contacts with hardship teams. In the next review of the *TCP Code*, we suggest that consideration be given to requiring providers to maintain hardship team contact lists with the FCA.

Accommodating special communication needs

For customers with insufficient English, interpreters should be made available, particularly through hardship teams. We suggest that standard plain language contracts be translated into major community languages.

Expanding assistance options

The financial hardship principles and practices developed jointly between industry, the TIO and the FCA identify many assistance options.[28] The results of this survey, however, indicate that providers are rarely offering such assistance.

'Telstra needs to ask the customer's source of income, and if it's solely Centrelink, be aware that a $200 per month plan will cause hardship.'

To meaningfully improve outcomes for customers in hardship, this needs to change. We suggest that the *TCP Code* review consider requiring clear, procedural approaches to assisting customers in hardship.

Offering flexible payment arrangements

Improved payment arrangement options are crucial: financial counsellors were unanimous in the view that payment arrangements are rarely genuinely manageable. When negotiating these arrangements, providers need to take a more flexible approach and be willing to take customers' individual circumstances into consideration. In many cases, this will mean making longer-term payment plans available. This could also include low-cost interim arrangements while disputes are in progress.

'Long-term hardship provisions need to be given for people wanting to repay debts on an affordable repayment'

Waiving debt

Sometimes debts are simply not repayable, and providers should be willing to waive debts fully or partially in some circumstances. When customers are in extreme hardship – for example, experiencing homelessness or family violence – debt waivers should be an option. Similarly, waivers are appropriate when a provider's irresponsible sales practices are clearly implicated in a customer's financial difficulty. As in other sectors, partial waivers could take the form of matched incentive payments, where the provider forgives specified amounts of debt as the customer makes payments.

Varying contracts

In hardship cases, providers should be more open to varying contracts to enable some level of continued access and payment. For example, customers should be able to renegotiate bundled plans, retaining only the most essential services. In the case of 24-month post-paid mobile phone contracts, customers who have paid off a set amount of the contract could be allowed to convert to a prepaid service if a change in circumstances results in financial hardship.

28 Communications Alliance, TIO and FCA (2014) *Responding to customers in financial hardship: Principles and practices for telecommunications providers*, pp. 10–11.

Waiving cancellation fees

When contracts need to be cancelled because of severe hardship or the irresponsible sale of unsuitable products and services, there should be a mechanism for easier and timely removal of cancellation fees.

Facilitating customer control

Finally, customers in hardship would also benefit from better tools for controlling data usage, such as more transparent data usage monitoring.

Allowances and discounts

There is also a role for targeted allowances and discounts that help people on low incomes to pay for telecommunications services.

Government support

Some customers receiving income support are also eligible for the Centrelink Telephone Allowance, which helps people with the costs of a telephone and home internet service. Unfortunately, this allowance is lowest and least widely available to income support recipients on lower base payments.

'Additional government concessions or grants need to be offered.'

The Commonwealth Government needs to review and redesign the Centrelink Telephone Allowance, targeting it at those most in need and structuring it around how consumers use telecommunications services today, in the digital era.

Voucher programs

'Telstra vouchers are great for Telstra customers but there's nothing available for other companies.'

Telstra, through its Access for Everyone programs, offers a number of assistance services that are delivered via community agencies. Among these is the Bill Assistance Program, which provides participating community agencies with fixed-amount Bill Assistance Certificates that clients can put towards Telstra bills. Telstra Phonecards are distributed in a similar way through the Calling Card Program.[29] Telstra also offers pensioners discounts on eligible fixed-line services.

'Allocate vouchers to community agencies for vulnerable and disadvantaged customers.'

Several financial counsellors remarked positively about these programs, arguing that they should be extended to other providers. Other financial counsellors, however, suggested that Telstra should reduce debt directly with customers rather than indirectly via the 'voucher' system. Whatever the approach, there was agreement from many that industry – not just government – should be providing assistance of this sort.

Strengthening regulation and enforcement

Financial counsellors and FCRC as their peak body work across multiple industries with similarities to telecommunications, namely the banking, energy and water industries. While each of these sectors provides essential services that all consumers need and use, there are marked regulatory and consumer protection differences between them. Regulated protections for consumers in hardship are comparatively weak in the telecommunications sector, and in our view, this is a key contributor to the clearly apparent lower standard of hardship practice across the industry.

Compared to the protections set out in equivalent codes and guidelines in other sectors, hardship obligations in the *TCP Code* are limited, particularly when it comes to the material assistance that providers need to offer. While other work has extended guidance to industry on hardship principles and practices, this appears to have had limited impact on the ground.

29 Telstra, 'Community and environment – Information for community agencies', telstra.com.au/aboutus/community-environment/community-programs/access-for-everyone/community-agencies, accessed 19.02.2017

The *TCP Code* does set out more stringent requirements in some relevant areas, such as responsible selling and communication with customers. Indeed, some of our recommendations above echo requirements that are already contained in the *TCP Code*. Our findings, however, call into question how effectively these provisions are being incorporated into providers' practices.

These observations are not new. In its 2011 Reconnecting the Customer report, the ACMA acknowledged that at the time, in the absence of commercial or regulatory incentives to comply with the *TCP Code*, there was 'no widespread culture of code compliance'. It noted that the *TCP Code's* Administration and Compliance Scheme had not produced 'a single report' on code compliance – describing this observation as 'damning'. The ACMA also acknowledged that, for various reasons, it had done little to enforce *TCP Code* compliance.[30]

Although the *TCP Code* and its monitoring and compliance arrangements have since been revised, we see little evidence of improved monitoring or enforcement. Communications Compliance Ltd, the body responsible for monitoring compliance with the *TCP Code*, discloses whether or not providers have submitted required compliance documents but – in stark contrast to many code compliance bodies in other industries[31] – still does not publish any information about the outcomes of its monitoring or any code compliance issues.[32]

With the *TCP Code* review later in 2017, we would like to see its hardship provisions strengthened alongside the introduction of some mechanism for publicly reporting on code compliance issues, in line with code compliance approaches in other industries. A significant shift in hardship practices is needed so that consumers in financial difficulty are able to maintain their connection to essential telecommunications services. FCRC calls on telecommunications providers, consumer groups, government and regulators to use the results of this survey as a catalyst for this change.

30 ACMA (2011) *Reconnecting the Customer: Final public inquiry report*, ACMA: Canberra, p. 25–26.

31 In the financial services sector, examples include the *Code of Banking Practice* Code Compliance and Monitoring Committee and the *General Insurance Code of Practice* Code Governance Committee, both of which publish reports annual compliance monitoring, consumer breach complaints and periodic own motion inquiries.

32 See the Communications Compliance Ltd website at commcom.com.au

Appendix 1 – Project Reference Group Terms of Reference

Background

The Financial and Consumer Rights Council (FCRC) is forming the Rank the Telco Reference Group (RTRG) to provide advice and guidance on the 'Rank the Telco' project (the project). The project is established through funding from the Australian Communications Consumer Action Network (ACCAN) to publish findings from a survey of Victorian financial counsellors on how Telecommunications retailers are performing in relation to consumers experiencing financial hardship.

Role and purpose

Based on its organisational and industry knowledge, coupled with service delivery experience, RTRG provides information and advice to FCRC on research design, reporting and campaign activities as they apply to the project, with the aim of

a) Identifying how telcos are performing in relation to consumers experiencing financial hardship and vulnerability and

b) Identifying opportunities for FCRC and the community sector to work with the telecommunications industry to achieve improved outcomes for consumers.

Specifically, the RTRG will provide information, advice and feedback on:

- Survey design and administration
- Project timelines
- Interpretation of results
- Recommendation formulation
- Engaging retailers and regulators

Membership

RTRG comprises between five and six representatives of community sector organisations with a balance of financial counselling, policy and advocacy expertise. RTRG member organisations have experience and knowledge working with Victorian telecommunications consumers experiencing financial hardship. FCRC will attempt to recruit a mix of organisations that cover a range of geographical areas.

Meetings

RTRG will meet three times between October 2016 and May 2017. Meeting dates will be set by FCRC in consultation with RTRG members. In addition to these meetings, the FCRC Project Coordinator may seek input on specific issues from some or all RTRG members.

Appendix 2 – Survey instrument

1. ABOUT THIS SURVEY

This survey measures how well telecommunications companies assist customers who are in financial hardship. It is based on the casework of you, Victorian financial counsellors, over the last 12 months. FCRC will publish a report on the results and work with industry to improve hardship practices.

The survey takes about 20-30 minutes to complete. It is anonymous.

SOME TIPS FOR THE SURVEY

1. Read the heading on each page. The survey breaks the retailers into two tiers, based broadly on market share.

2. Consider your casework as a whole when answering questions, rather than any single case. We want to gauge performance in the majority of cases.

3. Please answer every question. If a question is not applicable, please select the 'Not Sure' option.

4. Providing comments is really appreciated. It will contribute significantly to the quality of the final report. Name the retailer in comments where possible.

The results of the survey will be invaluable in enabling FCRC and others to continue to advocate for and promote improvements across the sector. We thank you for your participation.

For assistance contact Lisa Farrance at FCRC on (03) 9663 2000 or lfarrance@fcrc.org.au

2. ABOUT YOU

* 1. How many years have you worked in financial counselling?

- ◯ Less than 3 years
- ◯ 3-5 years
- ◯ 6-8 years
- ◯ 9-11 years
- ◯ 12 years or more

* 2. Do you mostly work in a metropolitan or regional/rural area?

- ◯ Metropolitan
- ◯ Regional
- ◯ Rural or Remote

Please enter details of this location:

3. YOUR CASEWORK

Please select the statement that most closely describes your experience over the LAST 12 MONTHS.

* 3. How would you rank the overall hardship practices of the sectors that you deal with:

	One of the Best	Better	Similar or Unsure	Worse	One of the Worst
Energy	○	○	○	○	○
Telecommunications	○	○	○	○	○
Banking	○	○	○	○	○
Debt Collection	○	○	○	○	○
Water	○	○	○	○	○

* 4. The percentage of my clients who come to me with a telecommunications problem-debt?

- ○ Up to 20%
- ○ 21-40%
- ○ 41-60%
- ○ 61-80%
- ○ 81-100%
- ○ Not sure

* 5. Over the past 12 months, my casework in relation to telecommunications retailers has:

- ○ Decreased a lot
- ○ Decreased a little
- ○ Stayed the same
- ○ Increased a little
- ○ Increased a lot
- ○ Not sure / not applicable

* 6. How would you rank the following services as contributors to telecommunications debt:

	Major	Moderate	No Contribution	Not Sure
Two year telephone-purchase contracts	○	○	○	○
Bundling of services	○	○	○	○
Mobile data usage	○	○	○	○
Home internet	○	○	○	○
Home phone	○	○	○	○
Unnecessary services (services your client does not need)	○	○	○	○

Other (please specify):

* 7. The impact of disconnection - or loss of service - for my clients (and their dependents) on access to following services is:

	Complete Impact	Major Impact	Moderate Impact	Minor Impact	No Impact	Not Sure
Health care	○	○	○	○	○	○
Regular income	○	○	○	○	○	○
Employment	○	○	○	○	○	○
Centrelink services	○	○	○	○	○	○
Support for those facing domestic/ family violence	○	○	○	○	○	○
Education	○	○	○	○	○	○
Social interaction	○	○	○	○	○	○
Emergency services	○	○	○	○	○	○

Please provide examples or details:

4. THE 'BIG THREE' RETAILERS: COMMUNICATION

The questions in this section relate to the 'big three' telecommunications retailers: Telstra, Optus and Vodafone. All the questions (unless otherwise stated) are for the last 12 month-period.

* 8. Rate each retailer on the quality of their communication with their customers (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 9. Rate the accessibility to you, as a financial counsellor, of each retailer's hardship team:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 10. Rate each retailer on the quality of their communication with you (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 11. On balance, do the initial contracts offered, provide clients with contracts that are fair, reasonable, and appropriate?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 12. Does the retailer contact customers and offer support before disconnection or freezing a service?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

5. PROCESS AND ATTITUDE

* 13. Under the Telecommunications Consumer Protections Code, companies “must undertake a Credit Assessment before providing a Post-Paid Service to a Consumer”. Rate these companies on their adherence to this section of the code:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 14. Under the Telecommunications Consumer Protections Code, companies must “explain the financial implications of the provision of that Post-Paid Service to a Customer or their Guarantor”. Rate these companies on their adherence to this section of the code:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 15. In your opinion, at the point that a client first meets with you, what is the level of their understanding of their contractual and billing obligations to the retailer:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra						
Optus						
Vodafone						

Comments:

* 16. Over the last 12 months, have customers with the capacity to self-advocate been given the opportunity to negotiate arrangements directly with the hardship team?

	No - retailer REQUIRES financial counselling appointment before providing assistance	No - retailer requests financial counselling appointment before providing assistance	Yes - customer has the opportunity to self-advocate	Yes - self-advocacy is encouraged and facilitated	Not sure / Not applicable
Telstra					
Optus					
Vodafone					

Comments:

* 17. Rate each retailer on the level of options offered for reducing contractual obligations to clients in hardship. This could include any of: removal of unnecessary services, plans for managing data usage, refunds on unnecessary fees, aligning pay days with bills, or other options.

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra						
Optus						
Vodafone						

Comments:

* 18. Rate each retailer on their understanding of the impact of long-term financial hardship on clients (long-term hardship applies to clients who are unlikely to get back on top of their financial situation in the foreseeable future):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 19. Rate each retailer on the extent to which they respond to customers' individual circumstances and needs, including: language difficulties, domestic violence, unemployment, mental or physical health issues. Please provide examples or details in the comments below:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

6. CLIENT OUTCOMES

* 20. Rate the payment plans offered to the customer at the point that they presented to you:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 21. Rate the payment plans offered after your negotiations with the retailer:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 22. On balance, do the final hardship arrangements offered by the retailers result in fair, reasonable and appropriate outcomes for clients?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 23. Rate the retailer on their debt collection practices:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

* 24. How frequently do you escalate client issues to the TIO because appropriate hardship arrangements are unable to be negotiated?

	Never	Rarely	Sometimes	Often	Always	Not Sure
Telstra	○	○	○	○	○	○
Optus	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○

Comments:

7. OVERALL RATING

* 25. In light of your previous answers, rank each of the retailers out of 10 in terms of the quality of their financial hardship practices over the last 12 months (1 indicating very poor practice and 10 indicating excellent practice).

	1-Very Poor	2	3	4	5	6	7	8	9	10-Excellent	Not Sure
Telstra	○	○	○	○	○	○	○	○	○	○	○
Otpus	○	○	○	○	○	○	○	○	○	○	○
Vodafone	○	○	○	○	○	○	○	○	○	○	○

Comments:

* 26. Which of the retailers do you think is the BEST performer in terms of their customer financial hardship practices, and why?

- ○ Telstra
- ○ Optus
- ○ Vodafone
- ○ Not Sure

Comments:

* 27. Which retailer do you think is the LOWEST performer in terms of their customer financial hardship practices, and why?

- ◯ Telstra
- ◯ Optus
- ◯ Vodafone
- ◯ Not Sure

Comments:

* 28. Rate each retailer on the extent of overall change in their hardship practices over the last 12 months:

	Big Decline	Small Decline	No Change	Small Improvement	Big Improvement	Not Sure
Telstra	◯	◯	◯	◯	◯	◯
Optus	◯	◯	◯	◯	◯	◯
Vodafone	◯	◯	◯	◯	◯	◯

Comments:

8. 'SECOND TIER' RETAILERS

The questions in this section relate to the 'second tier' telecommunications retailers. If you have not dealt with a retailer, just select 'Not Sure' as your answer.

29. Rate each retailer on the quality of their communication with you (reliability of returned calls, timely responses to requests, confirmation of agreements, etc.):

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
TPG						
iiNet						
Dodo						
Virgin						
Vaya						
M2 Commander						
i-Primus						
Amaysim						

Comments:

30. In your opinion, at the point that a client first meets with you, what is the level of their understanding of their contractual and billing obligations to the retailer:

	Very Poor	Poor	Acceptable	Good	Very Good	Not Sure
TPG						
iiNet						
Dodo						
Virgin						
Vaya						
M2 Commander						
i-Primus						
Amaysim						

Comments:

* 31. Over the last 12 months, have customers with the capacity to self-advocate been given the opportunity to negotiate arrangements directly with the hardship team?

	No - retailer REQUIRES financial counselling appointment before providing assistance	No - retailer requests financial counselling appointment before providing assistance	Yes - customer has the opportunity to self-advocate	Yes - self-advocacy is encouraged and facilitated	Not sure / Not applicable
TPG					
iiNet					
Dodo					
Virgin					
Vaya					
M2 Commander					
i-Primus					
Amaysim					

Comments:

* 32. Rank each of the 'second tier' energy retailers overall in terms of their hardship practices over the last 12 months.

	1-Very Poor	2	3	4	5	6	7	8	9	10-Excellent	Not Sure
TPG											
iiNet											
Dodo											
Virgin											
Vaya											
M2 Commander											
i-Primus											
Amaysim											

Comments:

33. Rate each of the following retailers on the extent of overall change in their hardship practices over the last 12 months:

	Big Decline	Small Decline	No Change	Small Improvement	Big Improvement	Not Sure
TPG	○	○	○	○	○	○
iiNet	○	○	○	○	○	○
Dodo	○	○	○	○	○	○
Virgin	○	○	○	○	○	○
Vaya	○	○	○	○	○	○
M2 Commander	○	○	○	○	○	○
i-Primus	○	○	○	○	○	○
Amaysim	○	○	○	○	○	○

Comments:

9. FINAL COMMENTS

34. What, if any, recommendations do you have for improving the hardship practices of telecommunications companies?

This can relate to any or none of:
- preventing cases having to come to financial counsellors in the first place
- improving processes for client self-advocacy
- improving the methods by which debt repayment can be negotiated, or
- whether additional government concessions or grants need to be offered.

35. Do you have any additional comments about the telecommunications sector in Victoria?

Do you have a particular case study you would like to share with the FCRC to assist with public advocacy?

Please contact Project Coordinator lfarrance@fcrc.org.au to make arrangements to discuss this.

Appendix 3 – Key comparative figures from FCRC ranking surveys

FCRC has conducted four ranking surveys:

- Rank the Bank (2012)
- Rank the Energy Retailer (2014)
- Rank the Energy Retailer (2016)
- Rank the Telco (this report)

Each survey included some common questions, the results of which we have compiled here. **This data is indicative only and should be read alongside the rest of this report and in particular, the comparative data in the 'Overall performance' chapter.** Each survey was conducted at a different time; with a different (but overlapping) respondent population and sample; and with a survey of slightly different design.

	Telco 2017			Energy 2016			Energy 2014			Bank 2012			
	Optus	Telstra	Vodafone	EA	AGL	Origin	Origin	AGL	EA	NAB	ANZ	Westpac	CBA
Overall rating out of 10	4.0	3.7	3.2	6.3	5.8	5.8	5.6	4.2	3.6	6.4	5.1	4.8	4.3
Understanding of long-term hardship[1]	1.8	1.7	1.5	2.8	2.6	2.6	2.5	2.0	1.8	2.8	2.2	2.2	1.9
Fair, reasonable and appropriate outcomes[2]	1.7	1.6	1.4	3.2	2.1	2.1	2.4	2.1	2.1	3.4	2.8	2.6	2.5

1 1 = Very poor; 2 = Poor; 3 = Acceptable; 4 = Good; 5 = Very good
2 0 = Never; 1 = Rarely; 2 = Sometimes; 3 = Often; 4 = Always

Appendix 4 – Detailed responses, selected questions

TABLE 1. 'How would you rank the following services as contributors to telecommunications debt?' (percent of respondents)

Service	Major	Moderate	No
Two year telephone-purchase contracts	67%	32%	1%
Mobile data usage	59%	39%	3%
Bundling of services	52%	44%	4%
Unnecessary services (services your client does not need)	43%	47%	9%
Home internet	16%	66%	18%
Home phone	7%	44%	49%

TABLE 2. 'The impact of disconnection – or loss of service – for my client (and their dependents) on access to the following' (percent of respondents)

	Complete	Major	Moderate	Minor	No
Support for those facing domestic/ family violence	52%	32%	12%	4%	0%
Health care	32%	46%	16%	5%	0%
Centrelink services	32%	42%	20%	4%	2%
Social interaction	35%	33%	26%	6%	0%
Emergency services	44%	24%	10%	13%	10%
Employment	20%	44%	22%	13%	2%
Regular income	18%	35%	26%	17%	5%
Education	13%	28%	35%	21%	3%

TABLE 3. 'Under the *Telecommunications Consumer Protections Code*, companies 'must undertake a Credit Assessment before providing a Post-Paid Service to Consumer'. Rate these companies on their adherence to this section of the Code' (percent of respondents and weighted average, 'not sure' responses excluded)

	Very poor (1)	Poor (2)	Acceptable (3)	Good (4)	Very good (5)	Average (out of 5)
Optus	35%	46%	14%	1%	4%	1.9
Telstra	29%	53%	14%	1%	3%	2.0
Vodafone	40%	50%	9%	2%	0%	1.7